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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 10/07/08

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- 1) U.S. may delist N. Korea

Takashi Arimoto

WASHINGTON-Assistant Secretary of State for East Asian and Pacific Affairs Hill, chief U.S. delegate to the six-party talks over North Korea's nuclear weapons program, met Secretary of State Rice on Oct. 6 to report the results of his talks with North Korea early this month. A source from the talks revealed that Hill has basically agreed with his North Korean counterpart on such matters as how to verify North Korea's nuclear facilities. The agreement, if approved by Rice, will be conveyed to Japan and other six-party members. Details have yet to be unveiled about the agreement. However, a U.S. government official has indicated that the U.S. government would delist North Korea as a state sponsor of terrorism for the time being if North Korea submits its verification plan to China, which presides over the six-party talks. Given this, the United States will likely take action to remove North Korea from its terrorism blacklist.

State Department Deputy Spokesman Wood, meeting the press on Oct. 6, revealed that Hill had a brief conversation with Rice on the morning of Oct. 6 (on the evening of Oct. 6 Japan time). At the same time, Wood explained that Hill would report details on the afternoon of Oct. 6 (early on Oct. 6 Japan time).

Sung Kim, special envoy for the six-party talks, is now staying in Seoul, and he is expected to convey the agreement to Japan and South

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Korea. According to the deputy spokesman, the special envoy has no plans to visit North Korea again.

Hill visited North Korea on Oct. 1 because North Korea had stopped disabling its Yongbyon nuclear facility for resuming its operation. In Pyongyang, Hill met with Foreign Minister Pak Ui Chun and Vice Foreign Minister Kim Kye Gwan, chief delegate to the six-party talks.

Hill returned to Seoul on Oct. 3 and met with the Japanese and South Korea chief delegates. On Oct. 4, Hill flew to Beijing to convey the results of his talks with North Korea to China and Russia. According to a source from the talks, Hill told them that he has reached an agreement with North Korea. However, he made no mention of details about the agreement, saying he would detail it after obtaining Rice's approval.

Wood had expressed the U.S. government's "strong concern" about North Korea's move to resume its nuclear facilities' suspended operation, and Hill visited North Korea at Rice's instruction. President Bush's term of office is to end in January next year. Meanwhile, North Korea's nuclear facilities can now hardly be disabled. A pundit on North Korea said, "The United States seems to be impatient." The U.S. government therefore considered taking a flexible stance, such as tentatively delisting North Korea as a state sponsor of terrorism, when North Korea presented its verification plan to China.

Concerned about the visit of Hill to North Korea, one U.S. expert said it was an "overreaction" to North Korea's brinkmanship. "If he had exchanged an agreement in written form at the request of North Korea," the expert added, "we should take it that he has made concessions like delisting that country as a state sponsor of terrorism."

2) Japan-China summit to be held on sidelines of Oct. 24-25 ASEM

MAINICHI (Page 2) (Abridged)  
October 7, 2008

By Takashi Suto

Prime Minister Taro Aso has begun coordination to attend the Asia-Europe Meeting (ASEM) to be held in Beijing on Oct. 24-25 and

there hold his first summit meetings with President Hu Jintao and Premier Wen Jiabao on the sidelines. The prime minister intends to play up his diplomatic policy that gives priority to Asia by attending the meeting following the UN General Assembly.

ASEM consists of 45 Asian and European countries and organizations. The 1998 ASEM summit meeting released a statement on the Asian currency crisis. This time around, the U.S.-originated financial crisis has emerged as a major agenda item.

In his UNGA speech, the prime minister played up Japan's role in overcoming the financial crisis. He seems eager to demonstrate Japan's leadership in the upcoming ASEM summit, as well.

A U.S. newspaper described Aso as a person who had soured relations with China and South Korea. Some are concerned about his Asia diplomacy. Aware of such concerns, Aso aims to showcase his Asia-oriented foreign policy by visiting China at an early date.

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In the upcoming Japan-China summit talks, Aso intends to present a plan to strengthen the strategically and mutually beneficial relations between the two countries by following the former Fukuda administration's policy course. Aso is also scheduled to attend a ceremony commemorating the 30th anniversary of the signing of the Japan-China Peace and Friendship Treaty.

3) Uncertain Lower House election casts shadow over diplomatic timetable

NIKKEI (Page 2) (Abridged slightly)  
October 7, 2008

The fluid timetable for the next Lower House election has begun casting a pall over foreign affairs. The diplomatic timetable is packed with events toward the end of the year. Chief Cabinet Secretary Takeo Kawamura indicated in a press briefing yesterday that the prime minister must attend the events that must be attended by the prime minister as Japan's representative. But the current situation makes it difficult for the prime minister to determine his responses.

At the top of the prime minister's diplomatic timetable is the Asia-Europe Meeting (ASEM) summit to be held on Oct. 24-25 in Beijing. China has also invited him to an event commemorating the 30th anniversary of the signing of the Japan-China Peace and Friendship Treaty. This year's Asia-Pacific Economic Cooperation (APEC) summit meeting is also scheduled to take place in the Peruvian capital of Lima on Nov. 22-23. "If the Lower House election were to be held on Nov. 23, we would be able to convey the prime minister's good performance (to the APEC forum)," a senior LDP lawmaker said. But in reality, it is unthinkable for the prime minister to be absent on the election day.

In December, the East Asia Summit and Association of Southeast Asian Nations (ASEAN) Plus Three (Japan, China, South Korea) summit are scheduled to take place. Coordination is also underway to hold a Japan-China-South Korea summit before the end of the year. It is time to nail down the diplomatic timetable.

4) Antiterror bill to enter into deliberations on Oct. 9

SANKEI (Page 5) (Full)  
October 7, 2008

The ruling coalition of the Liberal Democratic Party and the New Komeito decided yesterday to deliberate in the Diet on a government-introduced bill amending the new Antiterrorism Special Measures Law to extend the Maritime Self-Defense Force's refueling activities in the Indian Ocean for another year, following an explanation of the proposed legislation in a plenary sitting of the House of Representatives on Oct. 9. The ruling parties will propose the deliberation schedule to the opposition parties in a meeting today of directors on the House of Representatives Rules and Administration Committee.

Prime Minister Taro Aso is willing to start deliberations on the legislation before dissolving the House of Representatives. LDP Diet Affairs Committee Chairman Tadamori Oshima also said in a TV program on Oct. 5, "We should make clear the point at issue in the election for the House of Representatives, and we'll also need to handle the

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new antiterror legislation after passing the supplementary budget." Meanwhile, Democratic Party of Japan (Minshuto) Diet Affairs Committee Chairman Kenji Yamaoka said, "A full-fledged administration should handle all the issues but the extra budget." With this, Yamaoka called for dissolving the Diet at an early date before entering into deliberations on the antiterror bill.

The ruling parties are aiming to explore timing for dissolving the House of Representatives by highlighting a point of contention between the ruling and opposition parties after starting deliberations on the antiterror bill, to which the DPJ and other opposition parties are opposed.

5) East Asia Summit's environment ministerial: Draft statement includes target of halving greenhouse gas emissions, but India expressing opposition

ASAHI (Page 6) (Full)  
October 7, 2008

In the first East Asia Summit's environment ministerial meeting to be held in Hanoi on Oct. 9, a joint statement will be adopted. The revealed draft of the statement specifies that participants confirm the need to adopt a long-term target of reducing global greenhouse gas emissions at least by half by 2050. But India and other emerging countries will inevitably raise objections. Under the current situation, it may be difficult to reach an agreement in the meeting.

Japan took the lead in drawing up the draft. It expresses concern about the negative effects of global warming from short- and long-term perspectives. The draft then emphasizes the need to construct an impartial and effective post-Kyoto Protocol framework. The draft also positively evaluates a sector-specific approach on reducing gas emissions as "effective in promoting emission cuts from developing countries," but it is uncertain whether developing countries will show understanding on this approach.

Japan is going to stress the necessity to set reduction targets, based on an agreement reached in the July Hokkaido Toyako Summit for each country to share common long-term goals. But India and other countries reportedly have already expressed opposition to the idea of including mandatory reduction targets in the joint statement.

Given that such environmental problems as air pollution, water shortages, and traffic congestion are becoming serious as a result of rapid urbanization in major cities in Asia, the draft statement proposes that urban problems should be tackled on a priority basis, noting: "Cooperation will be advanced to create environmentally sustainable urban areas." Specifically, the draft reveals plans to take effective measures to reduce greenhouse gas emissions, such as promoting regional cooperation in waste management, effective use of water resources, and urban afforestation, as well as countering air and water pollution and introducing public transport facilities.

The meeting will bring together 16 countries, including Japan, China, India, Australia, and Association of Southeast Asian Nations (ASEAN) members. Vietnam proposed holding an environmental ministerial, with the aim of translating into action the measures in the Singapore Declaration that was adopted in the East Asia Summit last November and took up the global warming issue for the first time. The ministerial is likely to be made an annual meeting.

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6) DPJ grills government over set of three issues -- data prior

consultations, falsified pension benefits, and amakudari

NIKKEI (Page 2) (Abridged slightly)  
October 7, 2008

In yesterday's Lower House Budget Committee session, Democratic Party of Japan Policy Research Committee Vice Chairman Akira Nagatsuma took the floor as the first questioner. Nagatsuma grilled the government over a set of three issues: the LDP's order to all government offices for prior consultations about opposition parties' requests for data; government agencies' mediation to help retiring officials find reemployment (amakudari); and falsified pension records by the Social Insurance Agency.

Prime Minister Taro Aso: "Under a parliamentary system, there is no special problem to provide information in compliance with the ruling camp's request."

Nagatsuma: "Obtaining data might become more difficult than before."

The prior consultation issue was triggered by the Agriculture, Forestry and Fisheries Ministry's internal document obtained by the DPJ. The document was produced under the date of Sept. 12 in compliance with an instruction by LDP Diet Affairs Committee Vice Chairman Yoshitaka Murata. The document reads: "Government agencies must refrain from presenting data at their own judgments in response to requests from opposition parties." It also became clear that Murata had ordered all government agencies for prior consultation via the Cabinet Affairs Office.

LDP Diet Affairs Committee Chairman Tadamori Oshima explained: "We did not tell (government agencies) not to present data. It was part of an effort to make rules." The LDP also contended that given an increase in administrative work resulting from growing requests for data by opposition parties, prior consultations were necessary to grasp the actual situation.

As of Oct. 5, MAFF expunged from its internal document the part reading: "Data not allowed (by the LDP) for presentation shall be revised into data allowed for presentation." But the ministry still intends to continue prior consultations on data requested.

There was also a huge gap in views between Nagatsuma and the government over the question of falsified standard monthly pension benefits by the Health, Labor and Welfare Ministry. Nagatsuma repeatedly demanded a sample survey on records that might have been tampered with. MHLW Minister Yoichi Masuzoe rejected Nagatsuma's demand, saying: "What we are doing is the correct way." Nagatsuma also demanded the deadline for cross-checking pension records in connection with unidentified pension accounts. In response, the prime minister repeatedly said that no one could tell exactly when that would end.

Nagatsuma also demanded the government agencies immediately stop helping retiring government officials find reemployment. The prime minister again stopped short of offering a clear answer. After the budget committee session, Nagatsuma expressed his disappointment to reporters.

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7) Diet debate kicks off on economic policies, focusing on fiscal resources to fund policy pledges

YOMIURI (Page 9) (Full)  
October 7, 2008

A full-scale debate over economic policies kicked off between the ruling and opposition camps in a meeting of the House of Representatives' Budget Committee yesterday. With an eye to the next Lower House election for a snap election, both the Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ) criticized as insufficient the other side's explanation about where to find the resources to finance policy pledges.

Citing the DPJ's earlier announcement about a plan to raise approximately 22 trillion yen by cutting 10 PERCENT the current 212-trillion-yen spending in the government's general account and special accounts, LDP Policy Research Council Acting Chairman Hiroyuki Sonoda said: "What the DPJ says is contradictory," pointing out that the accounts contain many items where cuts would be difficult. Finance Minister and State Minister in Charge of Financial Services Nakagawa also commented in doubt: "If 22 trillion yen is tapped out of the 30 trillion yen worked out by subtracting expenditures for government bonds and social security outlays (from the 212 trillion yen), the people's livelihood will be serious affected."

In response, DPJ Policy Research Council Acting Chairman Akimasa Nagatsuma retorted: "The DPJ outlined its policy manifesto. Will the LDP come up with a manifesto that clarifies from where the fiscal resources will come?"

But Prime Minister Aso stopped short of mentioning details about fiscal resources, just saying: "A policy manifesto must explain as much as possible from where the fiscal resources for policy pledges will come."

Aso indicated a willingness to hammer out additional economic measures to deal with the U.S. financial crisis and the nation's economic slump. A senior Finance Ministry official, though, said: "It is difficult to come up with extra measures without issuing deficit-covering bonds when tax revenues have declined." On this point, too, heated discussion is likely to continue.

8) Prime Minister Aso positive about additional economic package

MAINICHI (Page 2) (Full)  
October 7, 2008

Prime Minister Taro Aso, referring to the plunges in Tokyo stock prices at a Lower House Budget Committee session yesterday, stated: "Voters are really feeling that the situation is very serious."

Asked by New Komeito Secretary General Kazuo Kitagawa whether he was considering forming an additional economic package, Aso said: "If there is a judgment that appropriate measures are needed, I will take action as a matter of course." He took a forward-looking stance toward compiling an additional economic stimulus package.

In this regard, Aso said last night: "I think the stock prices would have dropped further (if the United States did not pass a financial stabilization law). I will keep close watch on effects on (Japan's)

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real economy."

9) Supplementary budget to clear Lower House as early as Oct. 8

MAINICHI (Page 2) (Full)  
October 7, 2008

The main opposition Democratic Party of Japan (DPJ) decided yesterday to accept a plan to take a vote on the fiscal 2008 supplementary budget bill on Oct. 8 at a plenary session of the House of Representatives. A senior DPJ member last night said: "We will accept the Oct. 8 voting plan." The largest opposition, meanwhile, has demanded concentrated deliberations on such issues as the pension-record mess at the Lower House Budget Committee. The ruling camp intends to accept the DPJ's demand. A senior ruling coalition member revealed the outlook, saying: "It is not sure whether the bill will be put to a vote on the 8th but it is certain to take a vote on the 9th." As it stands, the supplementary budget bill is certain to clear the Lower House before the end of the week.

The government and ruling parties intend to enact the supplementary budget after holding deliberations for three to four days from Oct. 14 in the House of Councillors, after it is passed by the Lower House. With the DPJ's acceptance of the idea of passing the budget bill through the Lower House in the week, the prevailing view in the

ruling camp is that deliberations in the opposition-controlled Upper House will smoothly move forward.

However, the DPJ has put off a conclusion on whether to approve the additional budget, since the party executives have entrusted President Ichiro Ozawa with a final decision.

10) Growing possibility of Lower House being dissolved after passage of supplementary budget; Government, ruling coalition envisage Lower House election in mid-November or later

ASAHI (Page 1) (Slightly abridged)  
October 7, 2008

The government and ruling parties yesterday launched deliberations on the fiscal 2008 supplementary budget bill at the House of Representatives Budget Committee. With an eye to dissolving the Lower House and calling a general election, the government and ruling coalition began coordination on the idea of formulating a second economic stimulus package after the passage of the supplementary budget. They are envisaging holding the snap election in mid-November or later. However, they may put it off if the cabinet support ratings drop. Prime Minister Taro Aso will make a final decision after gauging the political and economic situations.

At the Lower House Budget Committee session yesterday, Aso indicated that he would place priority on the passage of the supplementary budget rather than on Lower House dissolution. He stated: "The future of the economy is the main public concern. It is my top priority to gain Diet approval of the supplementary budget after deliberating on it."

The ruling Liberal Democratic Party had looked into the possibility of dissolving the Lower House on Oct. 26 for a Nov. 2 general election, taking advantage of the momentum gain through its presidential race. However, several factors may have changed the

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LDP's position, among them the global financial crisis, the Aso cabinet's starting approval rates were lower than those of the Fukuda cabinet, and the embarrassing resignation of transport minister Nariaki Nakayama to take responsibility for his careless remarks. In addition, the results of the LDP's own pre-election survey in late September were reportedly unfavorable, and even hinted that the ruling coalition would fail to gain a majority in the Lower House.

In a bid to achieve results that can be used for the campaign of a general election, the LDP is now looking into the possibility of formulating a second supplementary budget, which would include concrete measures to stimulate domestic demand. The party plans to announce it after the supplementary budget clears the Diet.

SCHIEFFER